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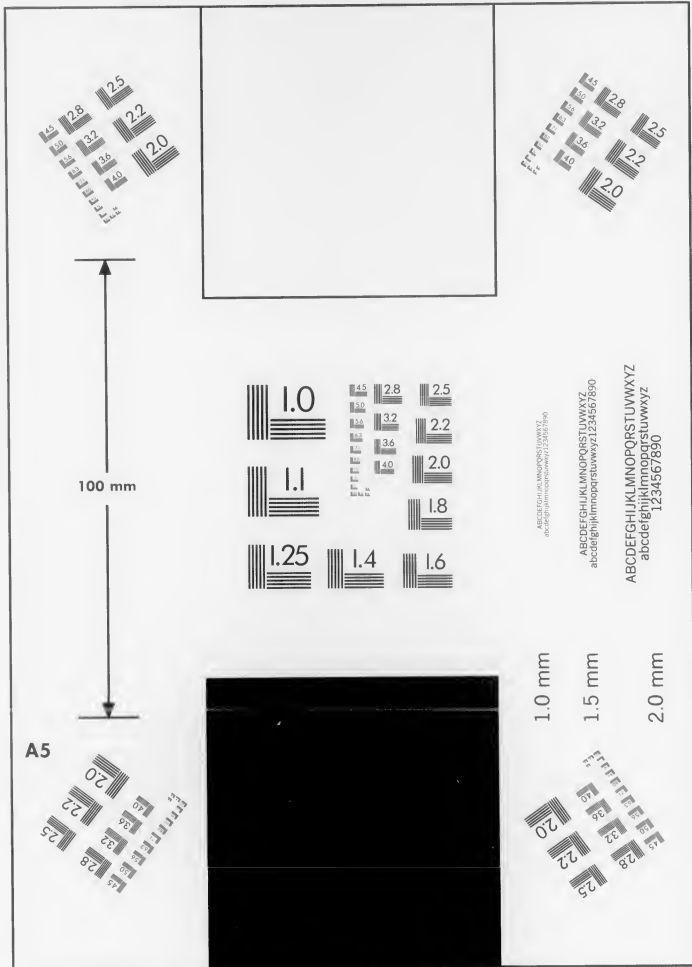
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## ECONOMIC TEACHING AT THE UNIVERSITIES IN RELATION TO PUBLIC WELL-BEING.<sup>1</sup>

THE honour which you have done me in asking me to open a discussion on 'Economic Teaching at the Universities in Relation to Public Well-being' may, perhaps, have arisen from my sending to Mr. Loch a 'Plea for the Creation of a Curriculum in Economics and Associated Branches of Political Science in Cambridge.' It was largely occupied with questions of internal organisation, on which—like every other ancient corporation—we are jealous of interference, and even of counsel from outside. And on those questions it would be neither right nor expedient that I should speak to-day.

But, in addition to these matters of private concern, two broad issues were raised in which the public is directly concerned, and which touch very close on the heart of the work of this Committee. The first is, What is the national interest in the supply of trained economists; or, to put the point more definitely, in the supply of persons who give their lives and energies from early manhood upwards to a study of economics of the same order and quality as that which is given by professional physicists, physiologists or engineers to their studies? The number of such people is large in every Western land except this; although this is the home of those classical economic writings on which—partially obsolete as they are now—other lands have based their economic knowledge.

The second of the two questions is, How does the study

<sup>1</sup> This paper was read by Professor Alfred Marshall at a Conference of Members of the Committee on Social Education, held on October 24, 1902, under the presidency of Lord Avebury.

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of economics serve as a preparation for business and for public responsibilities?

These two questions together run up into that which I am invited to open to-day; and perhaps I may be excused for incorporating a few passages from my Plea in the tentative answer which I am to submit—not without some trepidation—as a basis for discussion.

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I will, then, begin by looking at some of the causes which are rendering the study of the broad problems of public and private business more urgent than it used to be, and at the same time more suitable for being treated by aid of an academic study of the experiences of the modern world. Of course such a study cannot supersede the need for practical power, instincts, and sympathies which can be trained only by the experience of business and of social life, but it may supplement them. And the first question I would ask is, Has not this training a large part to play in supplementing those practical powers, instincts, and sympathies which can be developed only in action, only through experience? Are not the changes of the present age making it ever more urgent?

First among these changes is the rapid growth of international relations, rising out of the increase of wealth and the developments of telegraphic and other modern means of communication. This growth has made every country more sensitive to the economic movements of its neighbours; and the term 'neighbours' is ever obtaining a wider significance, partly as a result of expansion of empires across the ocean until their frontiers march together in all quarters of the globe. Peace and war have long been governed mainly by the prevailing opinions, true or false, as to national interests and international rivalries in distant fields of commerce, actual and potential. But it is only recently that dependence on distant sources of supply for food and raw produce has made England's continued existence depend on her keeping pace with the forward economic movement of nations against whom she may need to measure her force. In fact England is not, and probably never again will be, completely mistress in her own house. She is not free to weigh the true benefits of a higher culture or a more leisurely

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life against the material gains of increased economic vigour, without reference to the rate at which the sinews of war are growing elsewhere.

Again, it must be remembered that economic movements are never an isolated series, but are always part of broader movements, in which social and political developments take a leading part; and therefore some general acquaintance with the social and political developments of the leading countries of the Western world is essential for a real, as distinguished from a merely hypothetical, study of the most important of modern economic problems. And this study of recent history is not likely to be carried through except at a University.

Next, the size of the business unit is increasing in every direction; this is so loudly said just now by the man in the street that instances are superfluous. In consequence, the area of economic problems within a country is being enlarged; and financial magnates of one country control some business affairs in others.

This expansion intensifies many social problems and the human aspects of economics generally, especially labour problems; and it raises questions too large for anyone to study satisfactorily in the midst of hurried affairs, unless he has had his attention turned to them before that hurry begins.

A generation or two ago business was relatively simple. Quick wits, prompt energy, and the training of the workshop or counting-house went fairly well by themselves: there was relatively little need for that broad outlook and that versatility of mind which it is the special province of a University to train. But now, while those in subordinate ranks of business often may be content with a narrow outlook, and may need a technical education which it is not the proper function of Universities, or at all events not of the older Universities, to give; that broader training is just what is needed by the higher and more responsible ranks of business, both private and public. For, while the work of subordinates is becoming more specialised, that of our leaders in action is becoming broader and less specialised.

Success in large trading has always needed breadth of view.

But both this Committee and economists generally are



more nearly concerned with the social and personal elements of human well-being than with the material; and here they come into specially close contact with the strong business man who is also an employer of labour. His material as well as his personal success depends largely on his understanding the real life of the people. His primary relations with his workmen lie indeed in the exchange of pay for labour. But he is likely to fall short even as profit-winner, and he certainly cannot be a good citizen, unless he has thought and cared much about those sides of his work-people's life and character which are, at most, indirectly reflected in the wages bargain. To learn this from personal contact is ever more difficult for the large employer: he is separated from the mass of the workers by too many strata of subordinates. But broad modern economic studies will have prepared him to look at the problems of employment from the point of view of the employee as carefully as from that of the employer. Experience shows that this training helps him to see the drift of the complaints urged by his men, and to make concessions quickly and cordially to such as are reasonable. And especially will this be the case if he has combined with his studies that social training which is afforded by the life of a residential University of the Anglo-Saxon type.

For such a life draws out the faculties which are needed in the social relations of those who have to deal with large bodies of men and large public interests. On the river and in the football field the student learns to bear and to forbear, to obey and to command. Constant discussion sharpens his wits; it makes him ready and resourceful; it helps him to enter into the points of view of others, and to explain his own; and it trains his sense of proportion as regards things and movements and persons, and especially as regards himself.

Nearly the same preparation for their future responsibilities is needed by those who as public officials, as ministers of religion, as the owners of land or cottage property, or in any other private capacity will be largely concerned with 'the condition of the people question,' with public and private charity, with co-operation and other methods of self-help, with harmonies and discords between different industrial classes, and with the problems of conciliation and arbitration in industrial

conflicts which are ever assuming larger proportions. Those who are nearest to these conflicts can seldom be perfectly impartial arbitrators: and there is here a special call for men who have received a sound training in economics and in political science, and can bring to bear that elasticity of mind and that quickness of sympathy with aspirations and ideals that are not their own which it is the privilege of a residential University to foster.

The present age is indeed a very critical one, full of hope but also of anxiety. Economic and social forces capable of being turned to good account were never so strong as now; but they have seldom been so uncertain in their operation. Especially is this true of the rapid growth of the power and inclination of the working classes to use political and semi-political machinery for the regulation of industry. That may be a great good if well guided. But it may work grave injury to them, as well as to the rest of the nation, if guided by unscrupulous and ambitious men, or even by unselfish enthusiasts with narrow range of vision. Such persons have the field too much to themselves. There is need for a larger number of sympathetic students, who have studied working-class problems in a scientific spirit; and who, in later years, when their knowledge of life is deeper, and their sense of proportion is more disciplined, will be qualified to go to the root of the urgent social issues of their day, and to lay bare the ultimate as well as the immediate results of plausible proposals for social reform.

For instance, partly under English influence, some Australasian Colonies are making bold ventures, which hold out specious promise of greater immediate comfort and ease to the workers. But very little study of these schemes has been made of the same kind, or even by the same order of minds as are applied to judging a new design for a battleship with reference to her stability in bad weather, and yet the risks taken are much graver. Australasia has indeed a large reserve of borrowing power in her vast landed property, and should the proposed short cuts issue in some industrial decadence, the fall may be slight and temporary. But it is already being urged that England should move on similar lines, and a fall for her would be more serious.

We need, then, to watch more carefully the reciprocal influences which character and earnings, methods of employment and habits of expenditure exert on one another. We need to see how the efficiency of a nation is affected by and affects the confidences and affections which hold together the members of each economic group—the family, employers, and employees in the same business, citizens of the same country. We need to analyse the good and evil that are mingled in the individual unselfishness and the class selfishness of professional etiquette and of Trade Union customs. We need to study how growing wealth and opportunities may best be turned to account for the true well-being of the present and coming generations.

For this work are required the three great faculties—first, perception and observation; secondly, imagination; thirdly, reasoning. None of these can be exercised at all without involving the exercise of the other two. But they are different. Perception must be trained in childhood; the springs of imagination belong to youth; clear reasoning in complex problems comes only with the mature strength of years. Of all these imagination is the greatest. It is imagination which makes the great soldier as well as the great artist, the great business man, and the student who extends the boundaries of science.

Every science requires and trains in various degrees these three faculties—perception, imagination, reason; the use of these three constitutes the centre of the intellectual life of every University. But perhaps there is no science which requires all three in more even proportions than economics; none, therefore, which more properly is of University rank. And in addition, economic studies train the sympathies together with the intellect. This task, which truly belongs to the University, is most excellently performed in its social life, but not equally well in its studies.

But to return to imagination, the greatest of all intellectual faculties. The economist needs it above all, to put him on the track of those causes of events which are remote or lie below the surface, and of those effects of causes which are remote or lie below the surface. For, according to one of those few classical doctrines which has lost none of its force with time, those economic causes and effects which

are seen by the hasty observer are seldom as important as those which are not seen till tracked out by the aid of the scientific imagination.

In smaller matters, indeed, simple experience will suggest the unseen. Charity Organisation Society work, for instance, puts people in the way of looking for the harm to strength of character and to family life that comes from ill-considered aid to the thriftless; even though what is seen on the surface is almost sheer gain.

But greater effort, a larger range of view, a more powerful exercise of the imagination are needed in tracking the true results of, for instance, many plausible schemes for increasing steadiness of employment. For that purpose it is necessary to have learnt how all the economic world is one organic whole; how closely connected are changes in credit, in domestic trade, in foreign trade competition, in harvests, in prices, and how all of these affect steadiness of employment for good and for evil. It is necessary to watch how almost every considerable economic change in any part of the Western world affects employment in some trades at least in almost every other part. It is necessary, not merely to look at those causes of unemployment which are near at hand, but at those which are far off. If we deal only with those that are near, we are likely to make no good cure of the evils we see; and we are likely to cause evils, that we do not see.

Or, to take another example, when by a 'standard rule' or otherwise it is proposed to keep wages high in any trade, the effects on the surface may be pleasant. But imagination set agoing will try to track the lives of those who are prevented by the standard rule from doing work, of which they are capable, at a price that people are willing to pay for it. Are they pushed up, or are they pushed down? If some are pushed up and some pushed down, as commonly happens, is it the many that are pushed up and the few that are pushed down, or the other way about? If we look at surface results, we may suppose that it is the many who are pushed up. But if, by the scientific use of the imagination, we think out all the ways in which prohibitions, whether on Trade Union authority or any other, prevent people from doing their best and earning their best, we shall often conclude that

it is the few that have been pushed up and the many that have been pushed down.

Experience and a quick wit are needed also. But strong, large habits of scientific use of the imagination can best be formed by University training in the glorious years of the leisure of youth before experience comes: though in London especially there are many who can afford time for it even in their later years.

Again, the generous thoughts of a University, especially when aided by the social training of Oxford and Cambridge, strengthen that use of the imagination which says to a man—put yourself in his place. Especially they help one social class to look at things from the point of view of another social class. And it has been found by experience in England and in America that the young man who has studied both sides of labour questions in the frank and impartial atmosphere of a great University is often able to throw himself into the point of view of the working man and to act as interpreter between them and persons of his own class with larger experience than his own. This is of special importance now that power has passed into the hands of the working classes. The well-to-do may say wise things effectively; but the only class that is strong enough to do wise things that are difficult is the working class.

If we are to get the good without the evil of the modern movements for better housing, for aiding and for disciplining the residuum, for municipal efforts for public well-being, and so on, we must have the best minds and characters among the working class on our side. To that end we need two things beyond all others: one is the sympathetic use of the imagination, the other is its scientific use; therefore we not only want practical experience and close contact with reality: we want also that alertness and breadth of mind which are fostered in a greater or less degree by all those studies that are truly of University rank, but by none more than those very studies which directly bear on the industrial efficiency of the social organism; and which direct attention to the ever-widening horizon which our ceaseless victories over nature are opening out for the higher life, not only of the fortunate few, but also of the great mass of the people.

Greek thought and Greek action, political and social, were indissolubly welded together. But English action has been largely separated from English thought. This did, indeed, relatively little harm while English action was chiefly given to bringing into subjection uncivilised races beyond the oceans, and to developing industries which were strong, but insular and crude. But it is doing untold harm now that the Western world is in effect one, now that some other nations are in certain respects marching quicker and are more alert than we, and now that social and economical problems are becoming every day more urgent, partly because our growing wealth and knowledge is every day increasing our responsibilities. All hail, then, to the Committee on Social Education, which is to combine social thought and action in a modern temper, but in due subordination to the great Greek doctrine that the Ideal is that which is most truly Real!

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